

charles SCHWAB EQUITY SNAPSHOT REPORT™

Report Generated on 08/04/2003

Schwab Equity Rating as of 08/01/2003

McDonald's Corp (MCD)

Overview:

Price as of 08/02/2003 \$22.97 Industry Restaurants
52 wk price range \$12.12/24.76 Asset Class Large Cap

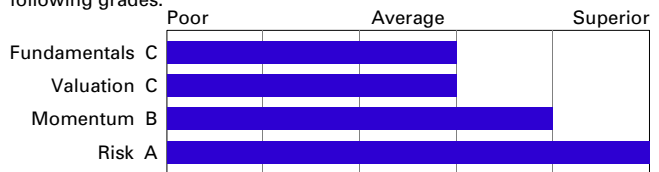
Year-to-date Results: Second Quarter Results -- NEW YORK (Standard & Poor's)--Jul 29, 2003, McDonald's Corp., announced 2Q EPS \$0.37 vs. \$0.39 and 6 mos. EPS \$0.66 vs. \$0.66.

Business Summary: Conducts a food service business and operates more than 30,000 restaurants which serve over 46 million people each day in more than 100 countries. Restaurants serve a varied, yet limited, value-priced menu. Also operates other restaurant concepts: Boston Market, Chipotle and Donatos Pizzeria.

The information is provided by the Schwab Equity Research Department.

B Outperform

Rating Scale: A, B, C, D, F
Schwab has assigned MCD an overall rating of "B" based on the following grades:



For more information, please see Schwab Research Disclosures and Regulation Analyst Certification on the next page and the User's Guide.

Third Party Opinions

Standard & Poor's Opinion

Rating	
Buy	★★★★★
Accumulate	★★★★
Hold	★★★
Avoid	★★
Sell	★
No Opinion	

S&P ranks stocks for their potential to outperform the S&P 500 over the next 6-12 months. **MCD** is rated with 3 STARS, a suggestion to *Hold*.

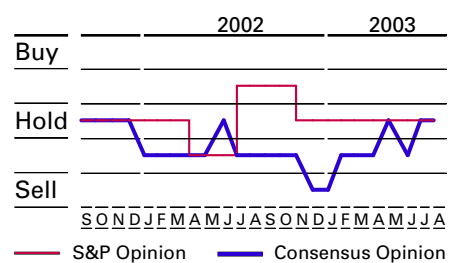
Current Consensus Opinion (I/B/E/S)

Analysts' Opinion	No. of Ratings
Buy	4
Buy/Hold	5
Hold	9
Weak Hold	1
Sell	1
No Opinion	0
Total	20

Current Consensus Opinion displays analysts' recommendations. Because analysts tend to be overly bullish, the *overall* rating is compared to ratings for other companies, and normalized to adjust for this positive bias. **Historical Consensus Opinion** shows this normalized adjusted overall rating.

Consensus Data Updated 08/02/2003

Historical Consensus Opinion (I/B/E/S)



Fundamental Information

	MCD	Industry	Market
Revenue '02 (\$MM)	\$15,406	\$56,268	\$7,433,340
Market Cap. (\$MM)	\$29,225	\$81,706	\$10,236,903
Price/Sales	1.9x	1.5x	1.4x
Profit Margin	6.4%	6.6%	3.5%
Return on Equity	10.7%	15.3%	7.4%
Sales/Employee (\$000)	\$37	\$39	\$256
LT Debt to Equity	1.1	0.7	1.2
Return on Assets	4.1%	8.9%	1.4%
Dividend Yield	1.0%	0.5%	1.6%
Beta	0.9	--	1

Peer Analysis

	Revenue (\$MM)	Growth	P/E	Analyst Consensus*
McDonald's Corp (MCD)	\$15,406	8.6%	29.8x	Hold
Sodexo Alliance SA ADS (SDX)	\$12,362	0.0%	23.5x	--
Yum Brands (YUM)	\$7,757	12.1%	16.4x	Hold
Starbucks Corp (SBUX)	\$3,289	20.5%	41.7x	Weak Hold
Brinker Intl (EAT)	\$2,887	15.7%	20.1x	Buy/Hold

The peers listed are the four companies with a market capitalization closest to the featured stock within the same industry.

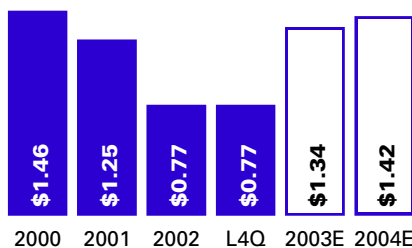
* The Analyst Consensus opinion is calculated by comparing the company's overall rating to ratings for other companies and then placed on a curve to adjust for the positive bias of analysts.

Insider Activity

Company Insiders include officers and directors of the company who may have access to information not available to the general public. Insider activity is not available for **MCD** at this time.

Growth Expectations and Valuation Measures

Annual EPS Trend



Earnings Per Share numbers through 2002 and L4Q (last 4 qtrs.) are actuals; projections for 2003 and 2004 are the consensus of analyst estimates.

Current P/E Multiples

MCD	Trailing	29.8x
	2003	17.1x
Industry	Trailing	21.7x
	2003	17.9x
Market	Trailing	35.3x
	2003	18.2x

Price/Earnings ratio measures a stock's price relative to its earnings. "Trailing" indicates last 4 quarters.

Valuing Potential Growth

	P/E	5 yr. Projected Earnings Growth	PEG Ratio
MCD	29.8x	8.6%	3.5
Industry	21.7x	14.4%	1.5
Market	35.3x	12.6%	2.8

The PEG ratio indicates how expensive a stock is given its price, earnings, and expected long term growth. It is calculated as the P/E ratio, divided by the expected growth rate. Theoretically, the higher the ratio the more expensive the stock.

This report may include the Schwab Equity Rating, prepared by the Schwab Equity Research Department. The Schwab Equity Ratings are generally updated weekly, so you should review and consider any recent market or company news before investing. The remainder of the report was compiled from data provided by Standard & Poor's (S&P) and I/B/E/S. Charles Schwab & Co., Inc. ("Schwab"), Member SIPC/NYSE, believes that such third-party information is reliable, but does not guarantee its accuracy, timeliness or completeness, and it is subject to change without notice. Not all information is available on all companies. Companies with stock splits occurring within two weeks of the report date may not have had their historical data adjusted to account for the split. A full glossary, and further information regarding use of this report is available in the User Guide which you may access online. The Schwab Equity Rating and other information presented is general information that does not take into account your individual circumstances, financial situation or needs, nor does it represent a personalized recommendation of a particular stock or stocks to you. Stocks can be volatile and entail risk and the stock presented may not be suitable for you. You should not buy or sell a stock without first considering whether it is appropriate for you and your portfolio. Reproduction or redistribution of this report in any form is prohibited except with written permission from Schwab and the information providers.

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Charles Schwab & Co., Inc. Disclosures

Important Disclosures for MCD:

MM1 Schwab's affiliate, Schwab Capital Markets L.P. ("SCM"), makes a market in this company's securities. SCM, in its market making capacity, sells to or buys from customers the securities of this company on a principal basis.

IB2 Schwab or its affiliates has received compensation for investment banking services from this company in the past 12 months.

The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 2.70% in Buy Category (Schwab Equity Ratings of A or B)
- 2.09% in Hold Category (Schwab Equity Ratings of C)
- Less than 1% in Sell Category (Schwab Equity Ratings of D or F)

Schwab Equity Ratings Meaning and Distribution

Schwab Equity Ratings are assigned to over 3000 of the largest (by market capitalization) U.S. headquartered stocks using a scale of "A", "B", "C", "D", and "F". The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks "A" to "F", where "A" rated stocks are expected to strongly outperform and "F" rated stocks are expected to strongly underperform the market over the next 12 months. The Schwab Equity Rating is based upon a model that evaluates each stock on the basis of a wide variety of investment criteria from four broad categories: Fundamentals, Valuation, Momentum, and Risk. The model attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). For more on the components of the Schwab Equity Ratings, see Schwab Equity Rating - Component Grades.

Investment Ratings

Schwab Equity Rating	Distribution of Rating	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	Top 10% of stocks rated	Strongly Outperform	Buy
B	Next 20%	Outperform	Buy
C	Next 40%	Marketperform	Hold
D	Next 20%	Underperform	Sell
F	Bottom 10% of stocks rated	Strongly Underperform	Sell

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

The Schwab Equity Ratings and the general guidance are not personalized recommendations or advice. They are general information that does not take into account your individual circumstances, investing objectives, financial situation, existing or target portfolio, or needs. They are not a personalized recommendation to you of a particular stock or stocks. You should view the ratings and general guidance in the context of your overall portfolio construction, asset allocation, and whether a particular equity should be bought, held or sold in relation to the current market environment. For individualized advice, please contact Schwab at 1 (877) 284-9817. The Schwab Equity Ratings are generally updated weekly, so you should review and consider any recent market or company news before taking any action. Stocks can be volatile and entail risk, and individual stocks, ratings and general guidance presented may not be suitable for you.

Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company.
NA	Not Available	A Schwab Equity rating is not available on this stock due to one or more critical missing data elements.
NC	Not Covered	This stock is not currently in the Schwab Equity Rating universe or is prohibited from coverage for regulatory reasons.

Other Abbreviations

Category	Definition	Description
*	Check News	A significant event has been announced. Please check current news.

Investment Ratings Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor that has a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

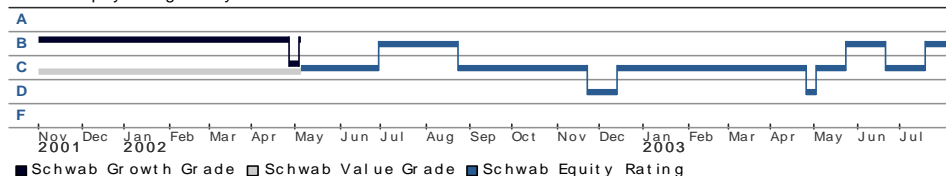
D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Price History for MCD



Schwab Equity Rating History for MCD



From November 28, 2001 to May 5, 2002, Schwab utilized a stock rating system based on Schwab Growth and Value Grades. Information on the former rating system is available online. Beginning May 6, 2002, Schwab introduced a new rating system based on a single composite of fundamentals, valuations, momentum and risk investment criteria. See above for Schwab Equity Ratings meaning and distributions.

Rating history line breaks indicate that there was no A, B, C, D, or F rating for the symbol shown. See above for definitions of NR, NC or NA.

- Schwab Equity Rating
- Schwab Growth Grade
- Schwab Value Grade